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19 *Sable Offshore Corp.*

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

29 CENTER FOR BIOLOGICAL
30 DIVERSITY; WISHTOYO
31 FOUNDATION,

32 Plaintiffs,

33 v.

34 DEBRA HAALAND, Secretary of the
35 U.S. Department of the Interior;
36 BUREAU OF SAFETY AND
37 ENVIRONMENTAL
38 ENFORCEMENT; BRUCE HESSON,
39 Pacific Regional Director, Bureau of
40 Safety and Environmental
41 Enforcement,

42 Defendants.

43 CASE NO. 2:24-cv-05459-FMO-MAA
44
45 **SABLE OFFSHORE CORP.'S**
46 **MEMORANDUM OF POINTS AND**
47 **AUTHORITIES IN SUPPORT OF**
48 **MOTION TO INTERVENE**

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1 I. INTRODUCTION

2 Proposed Intervenor-Defendant Sable Offshore Corp. (“Sable”) is an
3 independent oil and gas company headquartered in Houston, Texas. Sable is the
4 new owner of three offshore oil platforms in the Santa Ynez Unit, located in
5 federal waters north of Santa Barbara, California—including the 16 oil and gas
6 leases that Plaintiffs challenge here.

7 The leases were in active production since mid-2015, when the oil and gas
8 operations at the Santa Ynez Unit were shut down as a result of the onshore Plains
9 All American Pipeline leak during prior ownership of that facility. Since then, the
10 Bureau of Safety and Environmental Enforcement (“BSEE”) has authorized
11 extensions to resume operations on the 16 offshore oil and gas leases in the Santa
12 Ynez Unit to maintain the status quo, with the most recent authorization occurring
13 on November 14, 2023 (“2023 Extension”).

14 Sable purchased the Santa Ynez Unit assets in 2022 and has been diligently
15 investing in and upgrading the facilities, as appropriate, to facilitate a restart of
16 operations. Sable has committed close to \$1 billion to date associated with the
17 purchase, repair, maintenance, and upgrades of these assets. Although BSEE has
18 annually granted extensions to resume operations since 2016 after the wells were
19 shut-in, Plaintiffs allege that BSEE’s 2023 Extension violates the Outer
20 Continental Shelf Lands Act and the National Environmental Policy Act (“NEPA”)
21 and seek to have that extension vacated. As the leaseholder and owner and
22 operator of the Santa Ynez Unit assets, Sable has significant property, economic,
23 and contractual interests in this action which could be impaired if Plaintiffs prevail
24 and which can only be protected through Sable’s intervention in this action.

25 Sable respectfully requests that the Court grant this motion to permit Sable
26 to intervene as a defendant in this action as of right because it meets the
27 requirements of Federal Rule of Civil Procedure 24(a)(2). Sable’s motion is
28 timely, Sable has significant, legally protectable interests at stake in this action,

1 and a decision in Plaintiffs' favor in this action could significantly impair its
2 interests given that Plaintiffs seek vacatur of the 2023 Extension. Finally, Sable's
3 unique, private interests in the 2023 Extension is not adequately represented by the
4 Federal Defendants in this action. Under Ninth Circuit precedent, Sable as an oil-
5 and-gas lessee plainly meets the requirements to intervene as of right in a lawsuit
6 that challenges its leases. Alternatively, the Court should grant Sable permissive
7 intervention under Federal Rule of Civil Procedure 24(b) because Sable also
8 satisfies those requirements.¹

9 This motion is made following the conference of counsel pursuant to L.R. 7-
10 3 which took place on October 9, 2024. The Federal Defendants take no position
11 on Sable's intervention. The Plaintiffs have not yet provided a position.

12 **II. BACKGROUND**

13 **A. The Santa Ynez Unit Has Historically Been a Strong Producer of
14 Oil and Gas**

15 Sable is an independent oil and gas company focused on responsibly
16 developing the Santa Ynez Unit in federal waters offshore California. *See*
17 Declaration of Steve Rusch in support of Motion to Intervene (“Rusch Decl.”) ¶ 2.
18 The Santa Ynez Unit consists of 16 leases issued by the federal government
19 between 1968 and 1982, including three offshore oil platforms located five to nine
20 miles offshore in federal waters north of Santa Barbara, California, as well as
21 related pipelines and 112 wells. *Id.* ¶ 3. These assets were previously owned by
22 Exxon Mobil Corporation (“Exxon”) and Mobil Pacific Pipeline Company
23 (“MPPC,” and together with Exxon, “EM”). *Id.* Between 1981 and 2014, the
24 Santa Ynez Unit produced over 671 million of barrels of oil. *Id.* ¶ 4. In 2014, the
25 Santa Ynez Unit averaged production of about 29,000 barrels of oil per day. *Id.*

26

27

28 ¹ In accordance with Federal Rule of Civil Procedure 24(c), Sable has lodged a
proposed answer concurrently with this motion.

1 Oil and gas produced from various platforms, including those within the
2 Santa Ynez Unit, were pumped onshore to the Las Flores facility and then
3 eventually entered two onshore pipelines operated by Plains All American
4 Pipeline, L.P. (“Plains”). *Id.* ¶ 5. One of the Plains pipelines experienced a leak,
5 and, as a result, oil and gas production in the Santa Ynez Unit was shut down in
6 mid-2015 until those onshore pipeline repairs are complete. *Id.* Exxon continued
7 to maintain the facilities until November 2022, when EM purchased the Plains
8 pipelines, and ultimately sold the Santa Ynez Unit and related pipeline assets to
9 Sable. *Id.* The Santa Ynez Unit offshore facilities are not currently producing oil
10 and gas; however, all equipment is in a near operation-ready state, with ongoing
11 function and pressure testing, inspections, upgrading and maintenance. *Id.* ¶ 6.

12 **B. Sable Purchased the Santa Ynez Unit Assets from EM and Has**
13 **Significant Protectable Interests Related to the Subject of This**
14 **Action**

15 On November 1, 2022, Sable entered into a purchase and sale agreement
16 with EM under which Sable agreed to acquire from EM the leases and other assets
17 constituting the Santa Ynez Unit in federal waters offshore California and the
18 associated onshore processing and pipeline assets (the “Purchase Agreement”). *Id.*
19 ¶ 8. On February 14, 2024, Sable consummated the Purchase Agreement. *Id.*
20 That same day, Exxon assigned the 16 leases to Sable and on May 21, 2024, the
21 Bureau of Ocean Energy Management approved all 16 assignments. *Id.* As such,
22 Sable is the current leaseholder of the 16 leases Plaintiffs challenge in this action.
23 *Id.* The onshore facilities included in the Purchase Agreement are not within
24 BSEE’s jurisdiction.

25 Since acquisition of the assets, Sable has been diligently investing in and
26 upgrading the facilities to facilitate a restart of operations. *Id.* ¶¶ 9, 10. Contrary
27 to Plaintiffs' allegations, the offshore assets are well maintained and in good
28 operational order. *Id.* ¶ 10.

1 Although not within federal jurisdiction or at issue in this lawsuit, Sable has
2 also worked diligently to repair and upgrade the onshore pipelines. *Id.* ¶ 11. Sable
3 became a party to and agreed to assume compliance with the requirements
4 (including pipeline safety requirements) of the 2020 Consent Decree between
5 Plains and Federal and State Governments that resolved all regulatory claims
6 related to the pipeline leak incident and provides a path forward for potential
7 restart of the offshore pipelines. *Id.*

8 Since the close of the Purchase Agreement, Sable's geoscience and reservoir
9 engineering management team has been evaluating reservoir development
10 opportunities. *Id.* ¶ 12. Sable has identified over one hundred additional infill
11 development and step-out opportunities across the leasehold. *Id.* ¶ 13. Sable
12 estimates that over 1 billion barrels of oil are still recoverable from the Santa Ynez
13 Unit, which represents nearly \$10 billion in net contingent resources overall. *Id.*

14 Since it acquired the Santa Ynez Unit Assets, Sable has committed close to
15 \$1 billion associated with the purchase, repair, maintenance and upgrades of the
16 assets. *Id.* ¶ 9.

17 **III. ARGUMENT**

18 **A. Sable Is Entitled to Intervention as a Matter of Right**

19 Under Federal Rule of Civil Procedure 24(a)(2), “[o]n timely motion, the
20 court must permit anyone to intervene who . . . claims an interest relating to the
21 property or transaction that is the subject of the action, and is so situated that
22 disposing of the action may as a practical matter impair or impede the movant's
23 ability to protect its interest, unless existing parties adequately represent that
24 interest.” In *Wilderness Society v. U.S. Forest Service*, the Ninth Circuit overruled
25 prior precedent and affirmed that intervention as of right shall be granted whenever
26 the elements of Rule 24(a)(2) are met, including in NEPA cases in defense of
27 federal agency actions. 630 F.3d 1173, 1180 (9th Cir. 2011) (en banc).

28

1 In determining whether an applicant meets the requirements of Rule
2 24(a)(2), district courts in the Ninth Circuit apply a four-part test: “(1) the motion
3 must be timely; (2) the applicant must claim a ‘significantly protectable’ interest
4 relating to the property or transaction which is the subject of the action; (3) the
5 applicant must be so situated that the disposition of the action may as a practical
6 matter impair or impede its ability to protect that interest; and (4) the applicant’s
7 interest must be inadequately represented by the parties to the action.” *Id.* at 1177
8 (quoting *Sierra Club v. EPA*, 995 F.2d 1478, 1481 (9th Cir. 1993)); *see also*
9 *Friends of Earth v. Haaland*, No. CV 21-2317 (RC), 2021 WL 5865386, at *4
10 (D.D.C. Dec. 11, 2021) (granting intervention to trade group of oil-and-gas
11 companies in lawsuit challenging offshore oil-and-gas leases under NEPA);
12 *Sequoia ForestKeeper v. Watson*, 2017 WL 4310257, at *1-*3 (E.D. Cal. Sept. 28,
13 2017) (applying four-part test and granting intervention in NEPA case); *Allco*
14 *Renewable Energy Ltd. v. Haaland*, No. 1:21-CV-11171-IT, 2022 WL 18033002,
15 at *3-*6 (D. Mass. Jan. 7, 2022), *aff’d sub nom. Melone v. Coit*, 100 F.4th 21 (1st
16 Cir. 2024) (granting intervention of BOEM offshore wind lessee under OCSLA in
17 case alleging violation of environmental statutes including NEPA and OCSLA).

18 When deciding motions to intervene, courts must apply “[a] liberal policy in
19 favor of intervention,” *Wilderness Soc’y*, 630 F.3d at 1179 (citation omitted),
20 “guided primarily by practical considerations, not technical distinctions,” *Sw. Ctr.*
21 *For Biological Diversity v. Berg*, 268 F.3d 810, 818 (9th Cir. 2001) (citation
22 omitted).

23 In *Environmental Defense Center v. Bureau of Safety and Environmental*
24 *Enforcement*, No. 2:14-cv-09281, 2015 WL 12734012, at *3-4 (C.D. Cal. Apr. 2,
25 2015), this Court granted intervention as of right to both Exxon and a trade
26 association in a lawsuit challenging on NEPA grounds BSEE approvals for permits
27 to drill and permits to modify certain offshore oil and gas activities. The Court
28 found that Exxon as the then leaseholder and operator had sufficient personal

1 financial interest that could be impaired by plaintiffs' requested relief. For the
2 same reasons, Sable is entitled to intervention as of right for all purposes in this
3 action.

4 1. Sable's Intervention Motion Is Timely

5 The "traditional features" of a timely intervention motion are that the motion
6 "was made at an early stage of the proceedings, the parties would not have suffered
7 prejudice from the grant of intervention at that early stage, and intervention would
8 not cause disruption or delay in the proceedings." *Citizens for Balanced Use v.*
9 *Montana Wilderness Ass'n*, 647 F.3d 893, 897 (9th Cir. 2011). Sable is filing this
10 motion approximately 3.5 months after Plaintiffs filed the Complaint on June 27,
11 2024, and before the administrative record is served and any briefing has taken
12 place in this case. Sable is prepared to meet the schedule set forth in the Court's
13 Case Management Order, Dkt. 17. As a result, the parties in this case will not be
14 prejudiced by Sable's intervention at this early stage. *See, e.g., Watson*, 2017 WL
15 4310257, at *2 (motion to intervene timely filed eight months after complaint and
16 after initial scheduling conference). Sable's motion to intervene in this case is
17 therefore timely.

18 2. Sable Has Significant Protectable Interests Related to the
19 Subject of This Action

20 Under Rule 24(a)(2), to determine whether a proposed intervenor has a
21 "significantly protectable" interest in the subject of the action, "the operative
22 inquiry [is] whether the 'interest is protectable under some law' and whether 'there
23 is a relationship between the legally protected interest and the claims at issue.'" *Wilderness Soc'y*, 630 F.3d at 1180–81. Sable has significant protectable property,
25 economic and contractual interests that are related to the subject of this action.
26 Plaintiffs specifically challenge BSEE's decision to authorize extensions to resume
27 operations on Sable's offshore oil and gas leases in the Santa Ynez Unit. Compl.
28 ¶¶ 1, 57, Dkt. 1. The Santa Ynez Unit leases issued by the federal government are

1 legally protectable “license[s]” under the Administrative Procedure Act. 5 U.S.C.
2 § 551(8) (“[L]icense’ includes the whole or a part of an agency permit, certificate,
3 approval, registration . . . or other form of permission”). Furthermore, since
4 acquisition of the assets, Sable has been diligently investing in and upgrading the
5 facilities, as appropriate, to facilitate a restart of production. Rusch Decl. ¶ 10. To
6 date, Sable has obligated close to \$1 billion associated with the purchase, repair,
7 maintenance and upgrades of the Santa Ynez Unit assets. *Id.* ¶ 9.

8 Courts routinely find that Rule 24(a)(2) recognizes and protects interests of
9 this nature. *See, e.g., S. Utah Wilderness All. v. United States Dep’t of the Interior*,
10 No. 2:23-CV-00804-TC-DBP, 2024 WL 2111755, at *3 (D. Utah May 10, 2024)
11 (holder of oil-and-gas leases was entitled to intervene in suit challenging leases
12 under NEPA and Endangered Species Act; owning challenged leases “alone” was
13 sufficient to satisfy burden significant protectable interest prong of intervention
14 standard); *Sw. Ctr. for Biological Diversity*, 268 F.3d at 820–21 (finding proposed
15 intervenor had a protectable interest where lawsuit implicated “projects that are in
16 the pipeline for design and mitigation . . . and approval” because “[c]ontract rights
17 are traditionally protectable interests”); *Env’t Def. Ctr.*, 2015 WL 12734012, at *3
18 (finding proposed intervenor Exxon’s “personal financial interest” in the Santa
19 Ynez Unit a significantly protectable interest because it “invested significant
20 resources in obtaining” permits); *Watson*, 2017 WL 4310257, at *2 (holding
21 proposed intervenor had protectable interest in NEPA action where intervenor
22 possessed contracts to implement projects that were subject of litigation). Sable
23 has clearly cognizable, protectable interests relating to the challenged BSEE 2023
24 Extension in this case.

25 3. Sable’s Ability to Protect Its Interests Would Be Impaired by a
26 Decision in Plaintiffs’ Favor

27 Under the third element of the Rule 24(a)(2) inquiry, “[i]f an absentee would
28 be substantially affected in a practical sense by the determination made in an

1 action, he should, as a general rule, be entitled to intervene.” *Citizens for Balanced*
2 *Use*, 647 F.3d at 898 (quoting Fed. R. Civ. P. 24, advisory committee notes (1966
3 Amendment)). A party is even entitled to intervene in an action that potentially
4 threatens its interests. *See id.* at 900 (“intervention of right does not require an
5 absolute certainty that a party’s interests will be impaired”). Among other things,
6 Plaintiffs ask this Court to: (1) declare that BSEE’s 2023 Extension violates federal
7 laws; (2) vacate and remand the 2023 Extension; and (3) “[p]rohibit BSEE from
8 authorizing additional lease extensions . . . unless and until it complies with”
9 federal laws. Compl. ¶ 30 (Request for Relief). Thus, the vacatur of BSEE’s
10 approval that Plaintiffs seek, if granted, would impair Sable’s ability to protect its
11 significant financial interests in oil and gas production at the Santa Ynez Unit,
12 including its planned timely restart of production and further development of the
13 Santa Ynez Unit. *See supra*, Section II.A.2. Therefore, Sable could lose
14 significant benefits from the challenged 2023 Extension, and “will suffer a
15 practical impairment of its interests as a result of [the action]” if Plaintiffs prevail.
16 *See Wilderness Soc’y*, 630 F.3d at 1180; *see also Env’t Def. Ctr.*, 2015 WL
17 12734012, at *3 (“The relief sought by Plaintiff would undoubtedly have a
18 ‘significant detrimental impact on [Exxon’s]’ interests in its Santa Ynez Unit
19 leases and permits.”); *Wildearth Guardians v. Jewell*, No. 2:16-CV-00168-DN,
20 2016 WL 4133533, at *4 (D. Utah Aug. 3, 2016) (granting intervention by federal
21 coal lessee challenging NEPA review for lease; action by plaintiffs to “seek a more
22 careful consideration of coal mining’s environmental effects, and a court decision
23 would return the issue to the administrative decision-making process” sufficient to
24 meet impairment-of-interest prong for intervention). Sable’s intervention in this
25 action is thus necessary to protect its interests in the Santa Ynez Unit assets and
26 BSEE’s 2023 Extension concerning those assets.

27

28

1 4. Existing Parties Will Not Adequately Represent Sable's
2 Interests

3 To satisfy the fourth element of the Rule 24(a)(2) inquiry, “[t]he burden of
4 showing inadequacy of representation is ‘minimal’ and satisfied if the applicant
5 can demonstrate that representation of its interests ‘may be’ inadequate. *Citizens*
6 *for Balanced Use*, 647 F.3d at 898 (quoting *Arakaki v. Cayetano*, 324 F.3d 1078,
7 1086 (9th Cir. 2003)); *see also Trbovich v. United Mine Workers*, 404 U.S. 528,
8 538 n.10 (1972). Indeed, the Ninth Circuit has held that even a trade group with
9 “the same ‘ultimate objective’ of upholding the [government’s] lease sales” for oil
10 and gas cannot adequately represent the interests of an individual lessee. *W.*
11 *Watersheds Project v. Haaland*, 22 F.4th 828, 841–42 (9th Cir. 2022) (holder of
12 oil-and-gas leases was entitled to intervene as of right in case challenging leases
13 under NEPA and Federal Land Policy and Management Act; “[A]s a party with a
14 legally protected interest in contract rights with the federal government, [the
15 individual oil-and-gas lessee] would offer a necessary element to the proceeding
16 that other parties would neglect.”); *see also Montana Wildlife Fed'n v. Haaland*,
17 No. 20-35793, 2022 WL 42794, at *1 (9th Cir. Jan. 5, 2022) (reversing district
18 court’s denial of leaseholder’s motion to intervene in lawsuit challenging lease sale
19 of 24,000 acres of intervenor’s oil-and-gas lease, finding trade organization could
20 not adequately represent leaseholder’s interest). In this case, Federal Defendants—
21 BSEE and senior agency officials—do not share Sable’s interests in this action. To
22 determine adequacy of representation, courts in the Ninth Circuit consider the
23 following: “(1) whether the interest of a present party is such that it will
24 undoubtedly make all of a proposed intervenor’s arguments; (2) whether the
25 present party is capable and willing to make such arguments; and (3) whether a
26 proposed intervenor would offer any necessary elements to the proceeding that
27 other parties would neglect.” *Id.* at 898 (citation omitted). The public interest
28 represented by government parties is not “identical to the individual parochial

1 interest” of private parties by virtue of “both entities occupy[ing] the same posture
2 in the litigation.” *See Citizens for Balanced Use*, 647 F.3d 893 at 899.
3 Government agencies advance the “broad public interest.” *See Watson*, 2017 WL
4 4310257, at *3; *Sequoia ForestKeeper v. Price*, 2017 WL 56655, at *1 (E.D. Cal.
5 Jan. 5, 2017). In contrast, Sable’s interest in this matter is centered on protecting
6 its property, contractual and overall financial interests relating to the Santa Ynez
7 Unit assets. *See supra*, Section II.A.2. Because Federal Defendants do not share
8 Sable’s unique interests in this action, the existing Defendants may be incapable of
9 and unwilling to make arguments that advance and protect Sable’s interests as a
10 private party. Even where the Federal Defendants and Sable may share a common
11 litigation posture, they “do not have sufficiently congruent interests” to warrant a
12 finding of adequate representation. *See Sw. Ctr. for Biological Diversity*, 268 F.3d
13 at 823; *see also* *Defs. of Wildlife v. Bureau of Ocean Energy Mgmt.*, No. 10-0254-
14 WS-C, 2010 WL 5139101, at *3 (S.D. Ala. Dec. 9, 2010) (holding that oil and gas
15 lessee meets “minimal” requirement of showing inadequacy of representation
16 because lessee has “narrowly focused, direct and specific interest in []
17 controversy”).

18 As the owner and operator of the Santa Ynez Unit leases, which are subject
19 to the 2023 Extension that Plaintiffs challenge in this case, Sable is uniquely
20 positioned to provide relevant information to the Court to address the merits and
21 potential ramifications of Plaintiffs’ arguments and requested relief. As such,
22 Sable meets its “minimal” burden of demonstrating that Federal Defendants’
23 representation of Sable’s protectable interests may be inadequate, and Sable must
24 be granted intervention. *See Citizens for Balanced Use*, 647 F.3d at 898.

25 Therefore, Sable is entitled to intervene as of right in this action because it
26 meets all of the requirements of Rule 24(a)(2).

27
28

1 **B. Alternatively, This Court Should Grant Permissive Intervention**

2 In the alternative, this Court should allow Sable to intervene because Sable
3 meets all the requirements for permissive intervention under Rule 24(b). Rule
4 24(b)(1)(B) provides that on timely motion, “the court may permit anyone to
5 intervene who . . . has a claim or defense that shares with the main action a
6 common question of law or fact.” Fed. R. Civ. P. 24(b)(1)(B). Courts also
7 consider “whether the intervention will unduly delay or prejudice the adjudication
8 of the original parties’ rights.” Fed. R. Civ. P. 24(b)(3).

9 Sable satisfies the standard for permissive intervention under Rule 24(b) for
10 many of the same reasons that Sable is entitled to intervene as of right. *First*,
11 Sable’s motion is timely. *See supra*, Section II.A.1. *Second*, Sable is moving to
12 intervene in this case to address the same claims set forth by Plaintiffs and thus
13 defend BSEE’s 2023 Extension, which will necessarily involve common facts and
14 legal issues with the main action. *Third*, Sable’s intervention at this early stage in
15 the case will not “unduly delay or prejudice the adjudication of the original parties’
16 rights” pursuant to Rule 24(b)(3) because Sable is prepared to participate in this
17 case in accordance with the schedule that will be set by this Court. Indeed, Sable’s
18 participation in this action as an intervenor will promote a fair and full adjudication
19 of Plaintiffs’ claims.

20 **IV. CONCLUSION**

21 For the foregoing reasons, Sable respectfully requests that this Court grant
22 its motion to intervene as of right or, in the alternative, to grant permissive
23 intervention.

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1 Dated: October 16, 2024

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE2
The undersigned, counsel of record for Proposed Intervenor-Defendant Sable
3 Offshore Corp., certifies that this brief contains 3,454 words, which complies with
4 the word limit of L.R. 11-6.1.5
6
7 Dated: October 16, 2024By: /s/ Daniel P. Brunton
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